



NHRS Bulletin Board



NEW HAMPSHIRE RETIREMENT SYSTEM

Edition for State Agencies

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Don't Plan Your Retirement Based on Rumors!

It's important to be informed, because state paid health insurance for retirees is not a guaranteed benefit. It must be funded each biennium by the legislature and eligibility is governed by RSA 21-I:30. There are lots of rumors circulating about changes in retiree health insurance. The *only* change made by the legislature this year is for new hires. Here is a summary of current eligibility for fully paid health insurance for Group I retirees and spouses:

- Those whose state service began *prior* to 7/1/03, who have at least 10 years of creditable state service, will be eligible at age 60.
- Those whose state service began on or after 7/1/03, who have at least 20 years of creditable state service, will be eligible at age 60.
- Those with 30 years of state service will be eligible at any age.
- Those who qualify for Disability Retirement are eligible at any age.

Some retirees are eligible to have part of their insurance premium paid by the NH Retirement System. This benefit, which is governed by RSA 100A:52B, is called the Medical Subsidy and is funded through the NHRS Special Account. The eligibility requirements for the subsidy are as follows: Group I members who retire on or before 7/1/04, with at least 20 years of service will be eligible at age 60; those with 30 years of service will be eligible at age 55. The subsidy is for the lifetime of the retiree, or until the available funding is exhausted, whichever is sooner.

Eligibility for the subsidy is causing confusion among Group I state employees. It is just a change in the method of funding – not a change in eligibility to state paid retiree health insurance. NHRS is encouraging all state employees who want to learn more about retiree health insurance to attend an information session before making any decisions about retiring prematurely.

Registration is Open for Fall Retirement Programs

NHRS is offering two types of workshops for members this fall:

- Sessions for those who are retiring this year or next. Retirement representatives review the application process, the options for leaving survivorship pensions, and post-retirement health insurance. Married members are encouraged to bring their spouses.
- Planning Ahead Workshops – open to members at any stage in their careers. It is an opportunity to learn about how the pensions are calculated and the current eligibility for post-retirement health insurance. Members are also given information about optional service credit and additional contributions.

There are separate sessions for Group I (Employees and Teachers) and Group II (Police Officers and Firefighters). There are also separate sessions for Group I members who are state employees and those who work for school districts, municipalities and counties.

Registration for these programs is done through the NHRS website, www.state.nh.us/retirement/workshops.html. Members select a session, and click on the date, which will generate an e-mail to the NHRS office. They should send us their name, employer, job title and how close they are to retirement. We will send a reply to confirm their reservation. If they do not have access to the internet to register, they may call the NHRS office 271-3351 or toll free 877-917-6477, ext. 279 for those who are retiring this year or next; all others, call ext. 272.

Catch the latest news
on the NHRS web site
www.state.nh.us/retirement





SB 23 – Chapter 234: Allows vested members to buy up to 3 years of prior military service, prior to becoming a member of NHRS. Purchases do not count toward eligibility for the medical insurance subsidy, or for state paid retiree health insurance.

The additional service credit will increase the level of the member's pension upon retirement, but it will not count toward meeting service retirement eligibility. For example:

- Group II members must still work twenty years, in order to qualify for service retirement between ages 45 and 59.
- The military service purchased will not count toward reducing the early service retirement reduction for Group I members who retire before reaching age 60.

Cost = the member's annual compensation at the time of purchase, multiplied by the sum of the member and employer contribution rates in effect at the time of purchase, multiplied by the years of service to be purchased. The current rates for each group:

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| • Employee: $5\% + 5.9\% = 10.9\%$ | • Police Officer: $9.3\% + 12.11\% = 21.41\%$ |
| • Teacher: $5\% + 4.06\% = 9.06\%$ | • Firefighter: $9.3\% + 20.68\% = 29.98\%$ |

HB 356 - Chapter 124: Prior service purchases are no longer be applied as time toward eligibility for the medical insurance subsidy. They will continue to count to increase the level of the member's pension. Chapter 124 applies to: previously withdrawn service; probationary, temporary and non-permanent service; modifications - service prior to your employer joining NHRS.

Chapter 124 allows members not otherwise eligible for the medical subsidy to purchase it separately. The cost ranges from \$70,000 to \$100,000, depending upon the member's age and demographics. Members interested in purchasing the subsidy can get a personal actuarial cost calculation for a \$500 fee.

HB 166 – Chapter 132: Changes the status of NHRS employees from classified state employees to non-classified employees of the NHRS Board of Trustees.

HB 302 – Chapter 221: Codifies the “gentlemen's agreement” to maintain a reserve in the Special Account equivalent to 3 years of 5% Cost of Living Adjustments (COLAs) for retirees. Also requires the Special Account to be subdivided into 7 categories: teachers, and state employees and employees of political sub-divisions in the employee, police officer and firefighter categories.

HB 669 – Chapter 291 – Changes RSA 21-I:30, the statute on health insurance benefits for retired state employees. The eligibility for state-paid retiree health insurance increased from 10 to 20 years of service, for those hired after 7/1/03. (Applicable to state employees only)

HB 702- Chapter 294 – Extends the medical insurance subsidy to Group II members who are hired before 7/1/04, who subsequently retire on accidental disability.

HB 671 – Chapter 311 – Establishes a contributory defined benefit judicial retirement plan.

Administrative Update - Designation of Trust as a Beneficiary - Pre-Retirement

Active NHRS members are now able to designate a trust as their primary beneficiary. In order to do so, they need to list the trust on their regular Designation of Beneficiary form (DNHRS2), and an additional form, Designation of Trust as a Beneficiary (DNHRS Trust). Note: Before choosing to designate a trust, members should review the Pre-retirement Death Benefits brochure. For examples, vested members who are married should understand that they may be giving up benefits they could leave to a spouse, if they select a trust instead. Contact tsavoy@nhrs.state.nh.us to let us know if you would like a supply of Death Benefit brochures and Trust Designation forms, in case your employees want to designate a trust as their beneficiary.